

## **BASIC FINANCIAL STATEMENTS**

# FOND DU LAC COUNTY, WISCONSIN

## Statement of Net Position

December 31, 2012

	Primary Government			Component Unit June 30, 2012
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 18,881,813	\$ 1,465,327	\$ 20,347,140	\$ 164,396
Restricted cash and investments	-	261,415	261,415	120,646
Receivables				
Delinquent property taxes	2,838,467	-	2,838,467	-
Property taxes levied for ensuing year's budget	38,149,899	1,257,430	39,407,329	-
Accounts, net	2,076,089	802,459	2,878,548	-
Loans, net	30,088,126	-	30,088,126	-
Accrued interest	54,306	-	54,306	174
Internal balances	1,456,442	(1,456,442)	-	-
Due from other governments	4,113,436	1,110,652	5,224,088	316
Inventories and prepaid items	677,830	1,401,190	2,079,020	25,904
Capital assets, net of accumulated depreciation				
Work in progress	2,795,013	13,461	2,808,474	2,936
Land	6,127,277	1,464,300	7,591,577	17,387
Land improvements	7,327,484	14,490,702	21,818,186	-
Buildings/building improvements	55,583,331	13,026,530	68,609,861	2,732,553
Machinery and equipment	18,325,055	15,213,872	33,538,927	96,108
Infrastructure	92,317,547	-	92,317,547	-
Less: Accumulated depreciation	(76,701,343)	(26,605,575)	(103,306,918)	(1,734,291)
TOTAL ASSETS	204,110,772	22,445,321	226,556,093	1,426,129

(Continued)

**FOND DU LAC COUNTY, WISCONSIN**  
Statement of Net Position (continued)  
December 31, 2012

	Primary Government			Component Unit June 30, 2012
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
Accounts payable	1,193,918	795,897	1,989,815	396
Accrued payroll liabilities	3,203,583	844,425	4,048,008	6,165
Accrued interest payable	831,455	-	831,455	-
Due to other governments	1,933,273	259,564	2,192,837	41,623
Unearned revenues	665,742	243,776	909,518	35
Other liabilities	84,019	-	84,019	12,418
Long-term obligations				
Due within one year	9,730,598	236,137	9,966,735	-
Due in more than one year	68,158,929	816,968	68,975,897	6,537
<b>TOTAL LIABILITIES</b>	<b>85,801,517</b>	<b>3,196,767</b>	<b>88,998,284</b>	<b>67,174</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes	38,731,127	1,257,430	39,988,557	-
<b>NET POSITION</b>				
Net investment in capital assets	85,054,364	17,522,611	102,576,975	1,114,693
Restricted	4,841,950	261,415	5,103,365	120,611
Unrestricted (deficit)	(10,318,186)	207,098	(10,111,088)	123,651
<b>TOTAL NET POSITION</b>	<b>\$ 79,578,128</b>	<b>\$ 17,991,124</b>	<b>\$ 97,569,252</b>	<b>\$ 1,358,955</b>

The notes to the basic financial statements are an integral part of this statement.

**FOND DU LAC COUNTY, WISCONSIN**  
Statement of Activities  
Year Ended December 31, 2012

Functions/Programs	Primary Government						Component Unit June 30, 2012
	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
PRIMARY GOVERNMENT							
Governmental Activities							
General government	\$ 9,756,970	\$ 3,909,044	\$ 716,249	\$ -	\$ (5,131,677)	\$ -	\$ (5,131,677)
Public safety	17,832,267	1,480,408	214,204	-	(16,137,655)	-	(16,137,655)
Public works	5,857,929	-	1,830,954	29,437,000	25,410,025	-	25,410,025
Health and human services	38,398,041	7,155,777	20,338,786	-	(10,903,478)	-	(10,903,478)
Culture, recreation and education	3,831,680	292,336	108,247	-	(3,431,097)	-	(3,431,097)
Conservation and development	2,022,484	275,463	342,221	-	(1,404,800)	-	(1,404,800)
Interest on debt	2,369,620	-	-	-	(2,369,620)	-	(2,369,620)
Total Governmental Activities	80,068,991	13,113,028	23,550,661	29,437,000	(13,968,302)	-	(13,968,302)
Business-type Activities							
Highway	12,699,047	12,648,666	4,007	211,699	-	165,325	165,325
Harbor Haven Health & Rehab	9,893,568	7,686,931	1,134,326	-	-	(1,072,311)	(1,072,311)
Airport	605,435	97,900	-	110,859	-	(396,676)	(396,676)
Golf Course	1,152,499	970,608	-	-	-	(181,891)	(181,891)
Landfill	111,644	16,320	-	-	-	(95,324)	(95,324)
Total Business-type Activities	24,462,193	21,420,425	1,138,333	322,558	-	(1,580,877)	(1,580,877)
Total Primary Government	\$ 104,531,184	\$ 34,533,453	\$ 24,688,994	\$ 29,759,558	(13,968,302)	(1,580,877)	(15,549,179)
COMPONENT UNIT							
Housing Authority	\$ 2,177,131	\$ 111,008	\$ 1,927,216	\$ 104,031	-	-	(34,876)

(Continued)

**FOND DU LAC COUNTY, WISCONSIN**

Statement of Activities (continued)

Year Ended December 31, 2012

Functions/Programs	Primary Government					Component Unit June 30, 2012	
	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities		Total
Expenses							
General revenues							
Property taxes, levied for general purposes				32,255,399	1,371,804	33,627,203	-
Property taxes, levied for debt service				5,249,146	-	5,249,146	-
County sales tax				6,688,614	-	6,688,614	-
Other taxes				1,034,815	-	1,034,815	-
State and federal aids not restricted to specific functions				3,038,476	-	3,038,476	-
Interest and investment earnings				243,717	118	243,835	808
Interest capitalized on loans receivable				994,445	-	994,445	-
Gain on sale of capital assets				209,242	-	209,242	-
Miscellaneous				158,742	23,243	181,985	17,800
Transfers				(392,381)	392,381	-	-
Total general revenues and transfers				49,480,215	1,787,546	51,267,761	18,608
Change in net position				35,511,913	206,669	35,718,582	(16,268)
Cumulative effect of change in accounting principle (Note D. 8)							
				(815,873)	-	(815,873)	-
Net position - beginning of year							
Prior period adjustment (Note D.9)				65,840,588	17,784,455	83,625,043	1,375,223
				(20,958,500)	-	(20,958,500)	-
Net position - beginning of year (Restated)							
				44,882,088	17,784,455	62,666,543	1,375,223
Net position - end of year							
				\$ 79,578,128	\$ 17,991,124	\$ 97,569,252	\$ 1,358,955

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The notes to the basic financial statements are an integral part of this statement.

**FOND DU LAC COUNTY, WISCONSIN**  
Balance Sheet  
Governmental Funds  
December 31, 2012

	General	County Road & Bridge	Dept of Community Programs	Dept of Social Services	Capital Projects Interoper- ability	Debt Service	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash and investments	\$ 11,404,400	\$ 1,722,780	\$ 129,792	\$ 1,016,620	\$ -	\$ 4,448,863	\$ 73,647	\$ 18,796,102
Receivables								
Taxes	21,259,931	2,807,420	4,508,499	7,432,439	-	5,507,526	-	41,515,815
Accounts	843,124	-	181,645	238,207	-	-	1,675	1,264,651
Loans	49,321,126	-	-	-	-	-	-	49,321,126
Allowance for forgiveness	(19,233,000)	-	-	-	-	-	-	(19,233,000)
Accrued interest	53,847	-	-	-	-	-	459	54,306
Due from other funds	1,456,442	-	-	-	-	-	-	1,456,442
Due from other governments	1,999,666	-	408,890	1,704,880	-	-	-	4,113,436
Inventories and prepaid items	427,218	-	143,843	141,397	-	-	2,166	714,624
<b>TOTAL ASSETS</b>	<b>\$ 67,532,754</b>	<b>\$ 4,530,200</b>	<b>\$ 5,372,669</b>	<b>\$ 10,533,543</b>	<b>\$ -</b>	<b>\$ 9,956,389</b>	<b>\$ 77,947</b>	<b>\$ 98,003,502</b>

<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
<b>Liabilities</b>								
Accounts payable	\$ 653,346	\$ -	\$ 189,224	\$ 348,981	\$ -	\$ -	\$ 301	\$ 1,191,852
Accrued payroll liabilities	1,987,897	-	476,339	678,522	-	-	13,186	3,155,944
Due to other governments	416,562	-	160,032	1,356,679	-	-	-	1,933,273
Unearned revenues	403,884	-	-	471,090	-	-	-	874,974
Other liabilities	78,184	-	-	5,835	-	-	-	84,019
<b>Total Liabilities</b>	<b>3,539,873</b>	<b>-</b>	<b>825,595</b>	<b>2,861,107</b>	<b>-</b>	<b>-</b>	<b>13,487</b>	<b>7,240,062</b>
<b>Deferred Inflows of Resources</b>								
Property taxes	18,811,684	2,807,420	4,508,499	7,432,439	-	5,507,526	-	39,067,568
Loans receivable	30,088,126	-	-	-	-	-	-	30,088,126
<b>Total Deferred Inflows of Resources</b>	<b>48,899,810</b>	<b>2,807,420</b>	<b>4,508,499</b>	<b>7,432,439</b>	<b>-</b>	<b>5,507,526</b>	<b>-</b>	<b>69,155,694</b>

**FOND DU LAC COUNTY, WISCONSIN**

Balance Sheet (continued)  
Governmental Funds  
December 31, 2012

	General	County Road & Bridge	Dept of Community Programs	Dept of Social Services	Capital Projects Interoper- ability	Debt Service	Total Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances								
Non-spendable	3,470,903	-	143,843	141,397	-	-	2,166	3,758,309
Restricted	343,087	-	-	-	-	4,448,863	50,000	4,841,950
Assigned	5,201,948	1,722,780	-	98,600	-	-	14,460	7,037,788
Unassigned (deficit)	6,077,133	-	(105,268)	-	-	-	(2,166)	5,969,699
Total Fund Balances	15,093,071	1,722,780	38,575	239,997	-	4,448,863	64,460	21,607,746
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 67,532,754	\$ 4,530,200	\$ 5,372,669	\$ 10,533,543	\$ -	\$ 9,956,389	\$ 77,947	\$ 98,003,502

**FOND DU LAC COUNTY, WISCONSIN**  
Balance Sheet (continued)  
Governmental Funds  
December 31, 2012

Reconciliation to the Statement of Net Position:

Total Fund Balances as shown on previous page	\$	21,607,746
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
General capital assets, net of accumulated depreciation	\$ 105,761,385	
Internal Service Fund capital assets, net of accumulated depreciation	<u>12,979</u>	105,774,364
Internal service funds are used by management to charge the costs of central maintenance and self insured health to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
Total internal service fund net position	31,884	
Capital assets, net of depreciation, included above	<u>(12,979)</u>	
Long term liabilities included below	<u>37,956</u>	56,861
Some liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Bonds and notes payable	(73,965,000)	
Debt issuance premiums	(965,458)	
Compensated absences	(1,293,937)	
Other post employment benefits	(1,665,132)	
Accrued interest on long-term obligations	<u>(831,455)</u>	(78,720,982)
Revenues not meeting the availability criteria:		
Deferred Loans - Community Development Block Grant - Fond du Lac County Economic Development Corp.	366,469	
Deferred Loans - County Revolving Loan - Fond du Lac County Economic Development Corp.	1,255,213	
Deferred Loans - Mercury Marine Loan - Fond du Lac County Economic Development Corp.	28,466,444	
Deferred Receivable - Clerk of Courts	209,232	
Deferred Receivable - Interest and Penalty on Property Taxes	<u>562,781</u>	30,860,139
Net Position of Governmental Activities as reported on the Statement of Net Position (See pages 15 - 16)	<u>\$</u>	<u>79,578,128</u>



**FOND DU LAC COUNTY, WISCONSIN**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended December 31, 2012

	General	County Road & Bridge	Dept of Community Programs	Dept of Social Services	Capital Projects Interoper- ability	Debt Service	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>								
Taxes	\$ 20,118,239	\$ 5,606,476	\$ 3,745,649	\$ 7,476,181	\$ -	\$ 8,042,890	\$ -	\$ 44,989,435
Intergovernmental	6,557,761	1,830,954	3,616,030	13,448,097	-	-	317,413	25,770,255
Licenses and permits	402,000	-	-	-	-	-	-	402,000
Fines and forfeits	668,309	-	-	-	-	-	-	668,309
Public charges for services	3,693,278	-	2,089,234	709,819	-	-	125,622	6,617,953
Intergovernmental charges for services	2,167,329	-	2,355,138	-	-	-	11,225	4,533,692
Interdepartmental charges for services	2,889,105	-	292,729	252,801	-	-	-	3,434,635
Miscellaneous	855,456	-	352	42,650	-	-	5,077	903,535
Investment earnings	243,096	-	-	-	-	-	-	243,096
Prior year revenue	700	-	235,079	372,145	-	-	-	607,924
<b>Total Revenues</b>	<b>37,595,273</b>	<b>7,437,430</b>	<b>12,334,211</b>	<b>22,301,693</b>	<b>-</b>	<b>8,042,890</b>	<b>459,337</b>	<b>88,170,834</b>
<b>Expenditures</b>								
Current								
General government	11,035,611	-	-	-	-	-	-	11,035,611
Public safety	16,205,440	-	-	-	-	-	1,709	16,207,149
Public works	-	7,621,749	-	-	-	-	-	7,621,749
Health and human services	6,275,674	-	11,521,923	20,725,145	-	-	534,229	39,056,971
Culture, recreation and education	3,024,680	-	-	-	-	-	-	3,024,680
Conservation and development	2,553,719	-	-	-	-	-	-	2,553,719
Capital outlay	151,619	-	-	-	-	-	-	151,619
Debt service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	3,991,319	-	3,991,319
Interest and fiscal charges	-	-	-	-	-	2,369,620	-	2,369,620
<b>Total Expenditures</b>	<b>39,246,743</b>	<b>7,621,749</b>	<b>11,521,923</b>	<b>20,725,145</b>	<b>-</b>	<b>6,360,939</b>	<b>535,938</b>	<b>86,012,437</b>

(Continued)

**FOND DU LAC COUNTY, WISCONSIN**

Statement of Revenues, Expenditures and Changes in Fund Balances (continued)

Governmental Funds

Year Ended December 31, 2012

	General	County Road & Bridge	Dept of Community Programs	Dept of Social Services	Capital Projects Interoper- ability	Debt Service	Total Nonmajor Governmental Funds	Total Governmental Funds
Excess (Deficit) of Revenues Over Expenditures	(1,651,470)	(184,319)	812,288	1,576,548	-	1,681,951	(76,601)	2,158,397
Other Financing Sources (Uses)								
Long term debt issued	-	-	-	-	-	8,125,000	-	8,125,000
Loan repayment	-	-	-	-	-	3,274,500	-	3,274,500
Issuance premium on long term debt	-	-	-	-	-	153,313	-	153,313
Discount on long term debt	-	-	-	-	-	(132,524)	-	(132,524)
Debt issuance costs	-	-	-	-	-	(29,278)	-	(29,278)
Payment to escrow agent	-	-	-	-	-	(8,265,373)	-	(8,265,373)
Payment to current bondholder	-	-	-	-	-	(32,235,000)	-	(32,235,000)
Transfers in	2,598,823	21,442	-	-	-	-	70,274	2,690,539
Transfers out	(495,590)	-	(940,733)	(1,480,601)	(15,187)	(24,440)	-	(2,956,551)
Total Other Financing Sources (Uses)	2,103,233	21,442	(940,733)	(1,480,601)	(15,187)	(29,133,802)	70,274	(29,375,374)
Net Change in Fund Balances	451,763	(162,877)	(128,445)	95,947	(15,187)	(27,451,851)	(6,327)	(27,216,977)
Fund Balances - Beginning of Year	14,641,308	1,885,657	167,020	144,050	15,187	31,900,714	70,787	48,824,723
Fund Balances - End of Year	\$ 15,093,071	\$ 1,722,780	\$ 38,575	\$ 239,997	\$ -	\$ 4,448,863	\$ 64,460	\$ 21,607,746

(Continued)

**FOND DU LAC COUNTY, WISCONSIN**  
Statement of Revenues, Expenditures and Changes in Fund Balance (continued)  
Governmental Funds  
Year Ended December 31, 2012

Reconciliation to the Statement of Activities:		
Net Change in Fund Balances from previous page		\$ (27,216,977)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and is reported as depreciation expense.		
Capital outlay	\$ 34,877,131	28,271,649
Depreciation expense	(6,605,482)	
The net effect of the loss on disposal of capital assets is to decrease net position.		(78,994)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(1,659,259)
The net expenditure of the central maintenance internal service fund is reported with governmental activities.		(15,682)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Debt issued or incurred:	(8,125,000)	
Issuance of general obligation promissory notes		
Principal repayments:		
General obligation debt	43,926,319	35,801,319
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Expense transactions:		
Compensated absences	36,403	
Other post employment benefits	(165,404)	
Accrued interest	511,088	
Amortization of debt premium	27,770	409,857
Change in Net Position of Governmental Activities as reported on the Statement of Activities (see pages 17 - 18)		<u>\$ 35,511,913</u>

The notes to the basic financial statements are an integral part of this statement.

**FOND DU LAC COUNTY, WISCONSIN**  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
General Fund  
Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 19,417,608	\$ 19,767,578	\$ 20,118,239	\$ 350,661
Intergovernmental	6,720,880	6,725,859	6,557,761	(168,098)
Licenses and permits	391,505	390,805	402,000	11,195
Fines and forfeits	660,000	697,300	668,309	(28,991)
Public charges for services	3,231,886	3,381,671	3,693,278	311,607
Intergovernmental charges for services	2,690,089	2,717,429	2,167,329	(550,100)
Interdepartmental charges for services	2,662,354	2,662,354	2,889,105	226,751
Miscellaneous	835,272	1,061,303	1,099,252	37,949
Total Revenues	36,609,594	37,404,299	37,595,273	190,974
Expenditures				
Current				
General government	11,110,832	12,091,809	11,035,611	1,056,198
Public safety	16,860,344	17,026,627	16,205,440	821,187
Health and human services	6,148,757	7,278,385	6,275,674	1,002,711
Culture, recreation and education	3,130,546	3,355,523	3,024,680	330,843
Conservation and development	2,015,496	3,039,128	2,553,719	485,409
Capital outlay	369,297	284,344	151,619	132,725
Total Expenditures	39,635,272	43,075,816	39,246,743	3,829,073
Excess (Deficit) of Revenues Over Expenditures	(3,025,678)	(5,671,517)	(1,651,470)	4,020,047
Other Financing Sources (Uses)				
Transfers in	14,703	14,703	2,598,823	2,584,120
Transfers out	(94,273)	(94,273)	(495,590)	(401,317)
Total Other Financing Sources (Uses)	(79,570)	(79,570)	2,103,233	2,182,803
Net Change in Fund Balance	(3,105,248)	(5,751,087)	451,763	6,202,850
Fund Balance - Beginning of Year	14,641,308	14,641,308	14,641,308	-
Fund Balance - End of Year	\$ 11,536,060	\$ 8,890,221	\$ 15,093,071	\$ 6,202,850

The notes to the basic financial statements are an integral part of this statement.

**FOND DU LAC COUNTY, WISCONSIN**  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
County Road & Bridge Fund  
Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property	\$ 2,994,760	\$ 2,984,416	\$ 2,984,416	\$ -
County sales	2,500,000	2,500,000	2,622,060	122,060
Intergovernmental				
CHIPS funding	125,000	125,000	130,362	5,362
Local transportation aids	1,700,590	1,700,590	1,700,592	2
Total Revenues	7,320,350	7,310,006	7,437,430	127,424
Expenditures				
Current				
Public works				
County highway maintenance	6,042,790	6,986,264	5,327,294	1,658,970
County highway winter maintenance	1,711,050	1,781,050	1,342,031	439,019
County construction/road & bridge	1,523,750	859,920	952,424	(92,504)
Total Expenditures	9,277,590	9,627,234	7,621,749	2,005,485
Excess (Deficit) of Revenues Over Expenditures	(1,957,240)	(2,317,228)	(184,319)	2,132,909
Other Financing Sources (Uses)				
Long-term debt issued	659,920	659,920	-	(659,920)
Transfers in	-	-	21,442	21,442
Transfers out	-	(1,346)	-	1,346
Total Other Financing Sources (Uses)	659,920	658,574	21,442	(637,132)
Net Change in Fund Balance	(1,297,320)	(1,658,654)	(162,877)	1,495,777
Fund Balance - Beginning of Year	1,885,657	1,885,657	1,885,657	-
Fund Balance - End of Year	\$ 588,337	\$ 227,003	\$ 1,722,780	\$ 1,495,777

The notes to the basic financial statements are an integral part of this statement.

**FOND DU LAC COUNTY, WISCONSIN**  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Department of Community Programs  
Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 4,051,119	\$ 3,745,649	\$ 3,745,649	\$ -
Intergovernmental				
Basic allocation	1,610,320	1,610,320	1,610,314	(6)
CLTS	1,394,685	1,394,685	1,364,040	(30,645)
Birth to Three	209,686	209,686	208,495	(1,191)
Family support	98,901	98,901	76,041	(22,860)
Alcohol and other drug abuse	289,465	289,465	182,892	(106,573)
Integrated service	79,100	79,100	78,806	(294)
Mental health	37,307	37,307	87,635	50,328
Non resident	-	-	7,807	7,807
Public charges for services				
Mental health	1,708,490	1,708,490	1,651,203	(57,287)
Developmental disabilities	35,600	35,600	54,993	19,393
Alcohol and other drug abuse	322,080	322,080	284,989	(37,091)
Administration	76,350	76,350	98,049	21,699
Intergovernmental charges for services				
Acute unit - net	2,091,000	2,091,000	2,355,138	264,138
Interdepartmental charges for services	489,118	489,118	292,729	(196,389)
Miscellaneous	(2,070)	(2,070)	352	2,422
Prior year revenue	-	-	235,079	235,079
Total Revenues	12,491,151	12,185,681	12,334,211	148,530
Expenditures				
Current				
Health and human services				
Mental health	8,545,359	8,452,059	7,583,086	868,973
Developmental disabilities	1,859,630	1,852,270	2,314,439	(462,169)
Physical disabilities	18,500	18,500	-	18,500
Alcohol and other drug abuse	1,331,494	1,299,664	951,763	347,901
Administration	736,168	730,208	672,635	57,573
Total Expenditures	12,491,151	12,352,701	11,521,923	830,778
Excess (Deficit) of Revenues Over Expenditures	-	(167,020)	812,288	979,308
Other Financing Sources (Uses)				
Transfers out	-	-	(940,733)	(940,733)
Net Change in Fund Balance	-	(167,020)	(128,445)	38,575
Fund Balance - Beginning of Year	167,020	167,020	167,020	-
Fund Balance - End of Year	\$ 167,020	\$ -	\$ 38,575	\$ 38,575

The notes to the basic financial statements are an integral part of this statement.

**FOND DU LAC COUNTY, WISCONSIN**  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Department of Social Services  
Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 7,572,171	\$ 7,476,181	\$ 7,476,181	\$ -
Intergovernmental				
Child care	206,429	206,429	206,429	-
Community options/waivers	558,868	558,868	484,194	(74,674)
Income maintenance	2,175,512	2,175,512	7,880,148	5,704,636
Kinship	171,172	171,172	149,727	(21,445)
Low income home energy assistance	212,490	212,490	167,974	(44,516)
Social welfare - basic county allocation	3,432,727	3,432,727	3,537,446	104,719
Youth aids	672,369	672,369	1,022,179	349,810
Public charges for services				
Child care	20,000	20,000	11,730	(8,270)
Community options/waivers	10,000	10,000	7,947	(2,053)
Income maintenance	100	100	489	389
Social welfare - basic county allocation	402,000	402,000	538,014	136,014
Youth aids	181,000	181,000	151,639	(29,361)
Interdepartmental charges for services				
Social welfare - basic county allocation	179,100	179,100	223,452	44,352
Youth aids	29,349	29,349	29,349	-
Prior year revenue	-	-	372,145	372,145
Miscellaneous	38,535	38,535	42,650	4,115
Total Revenues	15,861,822	15,765,832	22,301,693	6,535,861
Expenditures				
Current				
Health and human services				
Adult abuse	36,375	36,375	40,457	(4,082)
Child care	348,809	348,809	243,065	105,744
Community options/waivers	568,868	568,868	493,416	75,452
Income maintenance	3,088,223	3,097,373	8,683,379	(5,586,006)
Kinship	171,172	171,172	149,947	21,225
Low income home energy assistance	212,490	212,490	167,977	44,513
Social welfare - basic county allocation	9,483,410	9,416,320	9,231,752	184,568
Youth aids	2,052,475	2,058,475	1,715,152	343,323
Total Expenditures	15,961,822	15,909,882	20,725,145	(4,815,263)
Excess (Deficit) of Revenues Over Expenditures	(100,000)	(144,050)	1,576,548	1,720,598
Other Financing Sources (Uses)				
Transfers out	-	-	(1,480,601)	(1,480,601)
Net Change in Fund Balance	(100,000)	(144,050)	95,947	239,997
Fund Balance - Beginning of Year	144,050	144,050	144,050	-
Fund Balance - End of Year	\$ 44,050	\$ -	\$ 239,997	\$ 239,997

The notes to the basic financial statements are an integral part of this statement.

**FOND DU LAC COUNTY, WISCONSIN**  
Statement of Net Position  
Proprietary Funds  
December 31, 2012

	Business-type Activities-Enterprise Funds						Governmental Activities-Internal Service Funds
	Highway	Harbor Haven Health & Rehabilitation	Airport	Other Nonmajor Enterprise Funds	Total Enterprise Funds		
<b>ASSETS</b>							
Current Assets							
Cash and investments	\$ 1,442,665	\$ 300	\$ -	\$ 22,362	\$ 1,465,327	\$ 85,711	
Taxes receivable	-	1,151,145	21,505	84,780	1,257,430	226,340	
Accounts receivable	26,486	767,445	-	8,528	802,459	5,427	
Due from other governments	1,110,652	-	-	-	1,110,652	-	
Inventories and prepaid items	1,230,278	125,783	-	45,129	1,401,190	15,427	
Total Current Assets	3,810,081	2,044,673	21,505	160,799	6,037,058	332,905	
Noncurrent Assets							
Restricted cash and investments	261,415	-	-	-	261,415	-	
Capital Assets							
Work in progress	13,461	-	-	-	13,461	-	
Land/land improvements	745,091	664,278	11,323,465	3,222,168	15,955,002	-	
Buildings/building improvements	2,894,208	8,019,249	1,835,710	277,363	13,026,530	-	
Machinery and equipment	12,180,923	1,612,686	364,259	1,056,004	15,213,872	254,470	
Less accumulated depreciation	(9,618,436)	(6,994,677)	(7,550,177)	(2,442,285)	(26,605,575)	(241,491)	
Total Capital Assets - Net	6,215,247	3,301,536	5,973,257	2,113,250	17,603,290	12,979	
<b>TOTAL ASSETS</b>	10,286,743	5,346,209	5,994,762	2,274,049	23,901,763	345,884	
<b>LIABILITIES</b>							
Current Liabilities							
Accounts payable	472,477	298,266	1,549	23,605	795,897	2,065	
Accrued payroll liabilities	326,164	494,660	1,673	21,928	844,425	47,639	
Due to other funds	-	-	24,251	1,432,191	1,456,442	-	
Due to other governments	254,204	-	-	5,360	259,564	-	
Unearned revenues	130,845	88,686	21,695	2,550	243,776	-	
Current maturities of long-term obligations	128,825	94,898	-	12,414	236,137	4,834	
Total Current Liabilities	1,312,515	976,510	49,168	1,498,048	3,836,241	54,538	
Long-term Obligations							
Noncurrent portion of long-term obligations	355,961	423,488	893	36,626	816,968	33,122	
<b>TOTAL LIABILITIES</b>	1,668,476	1,399,998	50,061	1,534,674	4,653,209	87,660	
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Property taxes	-	1,151,145	21,505	84,780	1,257,430	226,340	
<b>NET POSITION</b>							
Net investment in capital assets	6,191,864	3,278,534	5,973,257	2,078,956	17,522,611	12,979	
Restricted	261,415	-	-	-	261,415	-	
Unrestricted (deficit)	2,164,988	(483,468)	(50,061)	(1,424,361)	207,098	18,905	
<b>TOTAL NET POSITION</b>	\$ 8,618,267	\$ 2,795,066	\$ 5,923,196	\$ 654,595	\$ 17,991,124	\$ 31,884	

The notes to the basic financial statements are an integral part of this statement.



**FOND DU LAC COUNTY, WISCONSIN**  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
Year Ended December 31, 2012

	Business-type Activities-Enterprise Funds					Governmental Activities-Internal Service Funds
	Highway	Harbor Haven Health & Rehabilitation	Airport	Other Nonmajor Enterprise Funds	Total Enterprise Funds	
<b>Operating Revenues</b>						
Public charges for services	\$ -	\$ 6,692,260	\$ 97,400	\$ 975,005	\$ 7,764,665	\$ -
Intergovernmental charges for services	4,112,813	-	500	-	4,113,313	-
Interdepartmental charges for services	8,531,933	972,910	-	8,038	9,512,881	1,102,491
Miscellaneous	3,920	21,761	-	3,885	29,566	2,703
<b>Total Operating Revenues</b>	<b>12,648,666</b>	<b>7,686,931</b>	<b>97,900</b>	<b>986,928</b>	<b>21,420,425</b>	<b>1,105,194</b>
<b>Operating Expenses</b>						
General government	-	-	-	-	-	1,201,635
Public works	11,778,162	-	96,965	93,415	11,968,542	-
Health and human services	-	9,668,437	-	-	9,668,437	-
Culture, recreation and education	-	-	-	973,976	973,976	-
Depreciation	913,230	208,348	508,470	141,133	1,771,181	8,702
<b>Total Operating Expenses</b>	<b>12,691,392</b>	<b>9,876,785</b>	<b>605,435</b>	<b>1,208,524</b>	<b>24,382,136</b>	<b>1,210,337</b>
<b>Operating Loss</b>	<b>(42,726)</b>	<b>(2,189,854)</b>	<b>(507,535)</b>	<b>(221,596)</b>	<b>(2,961,711)</b>	<b>(105,143)</b>
<b>Nonoperating Revenues (Expenses)</b>						
Property taxes	-	1,241,079	28,745	101,980	1,371,804	215,830
Intergovernmental	4,007	1,134,326	-	-	1,138,333	-
Investment income	-	-	-	118	118	-
Miscellaneous revenue	22,773	470	-	-	23,243	-
Payment in lieu of taxes	-	-	-	(51,500)	(51,500)	-
Interest expense	(7,655)	(16,783)	-	(4,119)	(28,557)	-
<b>Total nonoperating revenue (expense)</b>	<b>19,125</b>	<b>2,359,092</b>	<b>28,745</b>	<b>46,479</b>	<b>2,453,441</b>	<b>215,830</b>
<b>Income (loss) before contributions and transfers</b>	<b>(23,601)</b>	<b>169,238</b>	<b>(478,790)</b>	<b>(175,117)</b>	<b>(508,270)</b>	<b>110,687</b>
Capital contributions - state/federal	211,699	-	110,859	-	322,558	-
Transfers in	107,654	332,099	-	-	439,753	10,000
Transfers out	(21,442)	-	(25,930)	-	(47,372)	(136,369)
<b>Change in Net Position</b>	<b>274,310</b>	<b>501,337</b>	<b>(393,861)</b>	<b>(175,117)</b>	<b>206,669</b>	<b>(15,682)</b>
<b>Net Position - Beginning of Year</b>	<b>8,343,957</b>	<b>2,293,729</b>	<b>6,317,057</b>	<b>829,712</b>	<b>17,784,455</b>	<b>47,566</b>
<b>Net Position - End of Year</b>	<b>\$ 8,618,267</b>	<b>\$ 2,795,066</b>	<b>\$ 5,923,196</b>	<b>\$ 654,595</b>	<b>\$ 17,991,124</b>	<b>\$ 31,884</b>

The notes to the basic financial statements are an integral part of this statement.

**FOND DU LAC COUNTY, WISCONSIN**  
Statement of Cash Flows  
Proprietary Funds  
Year Ended December 31, 2012

	Business-type Activities-Enterprise Funds					Governmental Activities-Internal Service Funds
	Highway	Harbor Haven Health & Rehabilitation	Airport	Other Nonmajor Enterprise Funds	Total Enterprise Funds	
\$	3,767,599	\$ 7,080,305	\$ 99,390	\$ 986,928	\$ 11,934,222	\$ 1,105,194
	8,531,933	972,910	-	-	9,504,843	-
	(6,415,134)	(4,932,971)	(44,354)	(510,573)	(11,903,032)	(670,287)
	(4,563,256)	(4,650,458)	(55,851)	(468,086)	(9,737,651)	(536,089)
	1,321,142	(1,530,214)	(815)	8,269	(201,618)	(101,182)
	-	1,241,079	28,745	101,980	1,371,804	215,830
	4,007	1,134,326	-	-	1,138,333	-
	107,654	332,099	-	-	439,753	10,000
	(21,442)	-	(25,930)	-	(47,372)	(136,369)
	90,219	2,707,504	2,815	101,980	2,902,518	89,461
	(337,743)	(1,149,476)	(2,000)	(34,730)	(1,523,949)	(603)
	-	470	-	-	470	-
	(11,693)	(11,501)	-	(10,514)	(33,708)	-
	-	-	-	(51,500)	(51,500)	-
	(7,655)	(16,783)	-	(2,219)	(26,657)	-
	(357,091)	(1,177,290)	(2,000)	(98,963)	(1,635,344)	(603)
	-	-	-	118	118	-
	1,054,270	-	-	11,404	1,065,674	(12,324)
	649,810	300	-	10,958	661,068	98,035
\$	1,704,080	\$ 300	\$ -	\$ 22,362	\$ 1,726,742	\$ 85,711

Cash Flows from Operating Activities:	
Cash received from user charges	
Cash received from other funds	
Cash payments to suppliers	
Cash payments to employees	
Net Cash Provided (Used) by Operating Activities	
Cash Flows from Noncapital Financing Activities:	
Property taxes	
Intergovernmental	
Transfers in	
Transfers out	
Net Cash Provided by Noncapital Financing Activities	
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	
Donations	
Principal payments on long-term debt	
Payment in lieu of taxes	
Interest payments on long-term debt	
Net Cash Provided (Used) by Capital and Related Financing Activities	
Cash Flows from Investing Activities:	
Investment income	
Net Increase (Decrease) in Cash and Cash Equivalents	
Cash and Cash Equivalents - Beginning of Year	
Cash and Cash Equivalents - End of Year	
Reconciliation to Statement of Net Position:	
Unrestricted cash and investments	
Restricted cash and investments	

(Continued)

**FOND DU LAC COUNTY, WISCONSIN**  
Statement of Cash Flows (continued)  
Proprietary Funds  
Year Ended December 31, 2012

	Business-type Activities-Enterprise Funds					Governmental Activities-Internal Service Funds
	Highway	Harbor Haven Health & Rehabilitation	Airport	Other Nonmajor Enterprise Funds	Total Enterprise Funds	
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities						
Operating loss	\$ (42,726)	\$ (2,189,854)	\$ (507,535)	\$ (221,596)	\$ (2,961,711)	\$ (105,143)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:						
Depreciation	913,230	208,348	508,470	141,133	1,771,181	8,702
Changes in assets and liabilities						
Accounts receivable	61,935	354,024	1,490	(8,528)	408,921	(5,427)
Due from other governments	(407,149)	-	-	-	(407,149)	-
Inventories and prepaid items	61,089	12,620	-	(810)	72,899	(59)
Accounts payable	409,078	135,578	893	11,629	557,178	(1,746)
Accrued liabilities	2,771	(7,419)	369	857	(3,422)	3,058
Due to other funds	-	(72,537)	(14,877)	98,380	10,966	-
Due to other governments	153,590	-	-	(893)	152,697	-
Unearned revenues	130,845	12,260	10,375	(373)	153,107	-
Other liabilities	38,479	16,766	-	(11,530)	43,715	(567)
Net Cash Provided (Used) by Operating Activities	\$ 1,321,142	\$ (1,530,214)	\$ (815)	\$ 8,269	\$ (201,618)	\$ (101,182)

The notes to the basic financial statements are an integral part of this statement.

**FOND DU LAC COUNTY**  
Statement of Net Position  
Agency Funds  
December 31, 2012

	Agency Funds
<b>ASSETS</b>	
Cash and investments	\$ 17,315,683
Receivables	
Delinquent special assessments	333,580
Accounts	292
Due from other governments	<u>1,150,915</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 18,800,470</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 317,371
Due to other governments	16,699,103
Other liabilities	<u>1,783,996</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 18,800,470</u></u>

The notes to the basic financial statements are an integral part of this statement.

**FOND DU LAC COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2012

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of Fond du Lac County ("the County"), Fond du Lac, Wisconsin, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the County are described below:

1. Reporting Entity

The County is a municipal corporation governed by an elected 18 member board. In accordance with GAAP, the basic financial statements are required to include the County (the primary government) and any separate component units. The basic criterion for including a legally separate organization as a component unit is the degree of financial accountability the County has with the organization. The following circumstances set forth the County's financial accountability for a legally separate organization:

- a. The County is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.
- b. The County may be financially accountable if an organization is fiscally dependent on the County regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

Based on the previous criterion, the following component unit is included within the reporting entity.

**Housing Authority of Fond du Lac County**

The basic financial statements include the Housing Authority of Fond du Lac County (Housing Authority) as a component unit. The Housing Authority is a legally separate organization. The board of the Housing Authority is appointed by the County Executive. Wisconsin Statutes provide for circumstances whereby the County can impose its will on the Housing Authority, and also create a potential financial benefit to, or burden on, the County. As a component unit, the Housing Authority's financial statements have been presented as a discrete column in the basic financial statements. It is reported in a separate column to emphasize that it is legally separate from the County. The Housing Authority is a separate entity established to administer the housing program for low and moderate income families. It is funded by federal and state grants and rental income. The information presented is for the fiscal year ended June 30, 2012. Separately issued financial statements of the Housing Authority may be obtained from the Housing Authority's office at 15 North Marr Street, Fond du Lac, WI.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the County and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are supported primarily by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

## FOND DU LAC COUNTY, WISCONSIN

### Notes to Basic Financial Statements

December 31, 2012

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Governmental funds include general, special revenue, permanent, debt service and capital projects funds. Proprietary funds include enterprise funds and internal service funds. The County has two internal service funds: Central Maintenance and Health Self Insurance. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

#### GENERAL FUND

This is the County's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

#### COUNTY ROAD & BRIDGE FUND

This fund accounts for financial resources used for the maintenance and construction of County road and bridge system. Significant sources of revenues are property taxes, bond proceeds and intergovernmental revenues.

#### DEPT OF COMMUNITY PROGRAMS FUND

This fund accounts for financial resources used to provide State mandated services to clients with mental health, alcohol and other drug abuse, developmental disability and closely-related conditions. Significant sources of revenue include property taxes, charges for services, and intergovernmental revenues.

#### DEPT OF SOCIAL SERVICES FUND

This fund accounts for financial resources used to provide services to clients in the areas of income maintenance, counseling and other human services. Significant sources of revenues include property taxes, charges for services and intergovernmental revenues.

#### CAPITAL PROJECT FUND

This fund accounts for financial resources used for the acquisition, construction and remodeling of major capital facilities other than those financed by proprietary funds and trust funds.

#### DEBT SERVICE FUND

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

**FOND DU LAC COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2012

The County reports the following major enterprise funds:

**HIGHWAY**

This fund accounts for the activities associated with the maintenance and construction of roadways and bridges located within the County on a cost reimbursement basis.

**HARBOR HAVEN HEALTH & REHABILITATION**

This fund accounts for the activities associated with the skilled nursing facility serving disabled and/or elderly clients, including a Medicare certified therapy program.

**AIRPORT**

This fund accounts for the activities associated with the County's airport facilities.

Additionally, the government reports the following fund types:

*Internal service funds* account for central maintenance services and health self insurance services provided to other departments or agencies of the County, or to other governments, on a cost reimbursement basis.

The *permanent fund* is used to account for resources legally held in trust for the Sheriff Canine Program. Only earnings on the invested resources may be used to support the Sheriff Canine Program.

The County accounts for assets held as an agent for Patient Trust Activity, District Attorney Restitution Activities, Huber Law/Canteen Activities, Clerk of Courts Fund, and Tax Collection Activities in an *agency fund*.

3. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Agency funds have no measurement focus and use the accrual basis of accounting.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, other fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

**FOND DU LAC COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2012

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are internal services between governmental activities and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources, as they are needed.

4. Assets, Liabilities, Deferred Inflow/Outflows of Resources and Net Position or Equity

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

b. Accounts Receivable/Loans Receivable

Accounts receivable have been shown net of allowance for uncollectible accounts of \$2,086,708.

Loans receivable have been shown net of allowance for anticipated forgiveness of \$19,233,000.

c. Property Taxes Levied for the 2013 Budget

Property taxes are recorded in the year levied as taxes receivable and as deferred inflow of resources. They are recognized as revenue in full in the succeeding year when services financed by the levy are being provided except for the General Fund. The General Fund makes all other funds whole for their tax levies and accounts for any deferred, uncollected, or delinquent amounts.

d. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements. Noncurrent portions of the interfund receivables for the governmental funds are reported as advances and are offset by nonspendable fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental activities and business-type activities.



## FOND DU LAC COUNTY, WISCONSIN

### Notes to Basic Financial Statements

December 31, 2012

e. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are offset by nonspendable fund balance accounts to indicate that they do not represent spendable available financial resources.

f. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

Prepaid items of governmental funds in the fund financial statements are offset by nonspendable fund balance accounts to indicate that they do not represent spendable available financial resources.

g. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$500 or higher for general capital assets or \$3,000 for road and bridge infrastructure, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

	Governmental Activities	Business-Type Activities
	Years	
<u>Assets</u>		
Land improvements	25-100	25-100
Building/building improvements	25-50	25-50
Machinery and equipment	3-10	3-10
Infrastructure	10-50	-

h. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

i. Deferred Outflows/Inflows of Resources

The County implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities* for the year ended December 31, 2012. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County currently does not have any items that qualify for reporting in this category.

## FOND DU LAC COUNTY, WISCONSIN

### Notes to Basic Financial Statements

December 31, 2012

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has one type of item that qualifies for reporting in this category, property taxes. This amount will be recognized as an inflow of resources in the subsequent year for which it was levied. The County also has an additional type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. The governmental funds report unavailable revenues from one source, loans receivable. This amount is deferred and recognized as an inflow of resources in the period the amounts become available.

j. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

k. Fund Equity

#### GOVERNMENTAL FUND FINANCIAL STATEMENTS

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivable) or are legally or contractually required to remain intact.
- Restricted fund balance – Amounts that are constrained for specific purposes by external parties (such as grantors or bondholders), through constitutional provisions, or by enabling legislation.
- Committed fund balance – Amounts that are constrained for specific purposes by action of the County Board. These constraints can only be removed or changed by the County Board using the same action that was used to create them.
- Assigned fund balance – Amounts that are constrained for specific purposes by action of County management. The County Board has not authorized a County position to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned, unless committed by County Board action.
- Unassigned fund balance – Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

## FOND DU LAC COUNTY, WISCONSIN

### Notes to Basic Financial Statements

December 31, 2012

The County has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

#### GOVERNMENT- WIDE AND PROPRIETARY FUND STATEMENTS

Equity is classified as net position and displayed in three components:

- Net investment in capital assets – Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position – Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – Net position that is neither classified as restricted nor as net investment in capital assets.

#### 5. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### NOTE B - STEWARDSHIP AND COMPLIANCE

#### 1. Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. During October, County management submits to the County Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by County Board action.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund, special revenue funds, debt service fund, capital project fund, internal service funds and enterprise funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- c. During the year, formal budgetary integration is employed as a management control device for the general fund, special revenue funds, debt service fund, internal service funds and enterprise funds. Management control for the capital projects funds is achieved through project authorizations included in debt issue resolutions.

## FOND DU LAC COUNTY, WISCONSIN

### Notes to Basic Financial Statements

December 31, 2012

- d. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the County. Amendments to the budget during the year require initial approval by management and the committee of jurisdiction and are subsequently authorized by the County Board. Minor budgetary transfers within an activity or department, defined as \$1,500 or ten percent of the activity or department's aggregate approved budget, whichever is less, may be authorized by action of the Finance, Personnel, and Economic Development Committee of the County Board, without going to the full County Board for approval.
- e. Encumbrance accounting is used by the County to record commitments related to unperformed contracts for goods or services.

The County did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2012.

#### 2. Excess of Expenditures Over Budget Appropriations

The following expenditure accounts of the general, major special revenue and debt service funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2012 as follows:

Fund	Function	Excess Expenditures
General Fund	Victim/Witness Prog – D.A.	\$ 1,131
General Fund	Administration	2,643
General Fund	Miscellaneous Nondept Revenue	109,320
General Fund	Health Department	16,384
General Fund	Natural Beauty Council	154
County Road & Bridge	County construction/road & bridge	92,504
Dept of Community Prog	Developmental disabilities	462,169
Dept of Social Services	Adult abuse	4,082
Dept of Social Services	Income Maintenance (as fiscal agent for consortium)	5,586,006

The above excess expenditures were funded using favorable revenue variances and available fund balance in the general, special revenue and debt service funds.

## NOTE C - DETAILED NOTES ON ALL FUNDS

### 1. Cash and Investments

#### PRIMARY GOVERNMENT

The County maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed in the financial statements as "Cash and investments."

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

## FOND DU LAC COUNTY, WISCONSIN

### Notes to Basic Financial Statements

December 31, 2012

The carrying amount of the County's cash and investments totaled \$37,924,238 on December 31, 2012 as summarized below:

Cash on hand	\$ 9,106
Deposits with financial institutions	31,476,676
Investment	
Wisconsin local government investment pool	6,438,456
	<u>\$ 37,924,238</u>

Reconciliation to the basic financial statements:

Government Wide Statement of Net Position	
Cash and investments	\$ 20,347,140
Restricted cash and investments	261,415
Fiduciary Fund Statement of Net Position	
Agency funds	17,315,683
	<u>\$ 37,924,238</u>

Deposits and investments of the County are subject to various risks. Presented below is a discussion of the County's deposits and investments and the related risks.

#### Deposits with Financial Institutions

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for time and savings deposits and \$250,000 for demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. In addition, the County's non-interest bearing transaction accounts are fully insured through December 31, 2012. As of January 1, 2013, the County's non-interest bearing transaction accounts are combined with its interest-bearing demand deposits for FDIC insurance coverage. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2012, none of the County's deposits with financial institutions is in excess of federal and state depository insurance limits and uncollateralized.

Custodial credit for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The County's policy is to have their operating bank collateralize their average balance on deposit.

#### Investments

The County has investments in the Wisconsin local government investment pool of \$6,438,456 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2012, the fair value of the County's share of the LGIP's assets was substantially equal to the carrying value.

## FOND DU LAC COUNTY, WISCONSIN

### Notes to Basic Financial Statements

December 31, 2012

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The County does not have an additional credit risk policy. The County's investment in the Wisconsin local government investment pool is not rated.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity of its fair value to changes in market interest rates. The County does not have an interest rate risk policy. The investments held by the Wisconsin local government investment pool mature in 12 months or less.

#### DISCRETELY PRESENTED COMPONENT UNIT

At year end, the carrying amount of the Housing Authority, a discretely presented component unit, was \$285,042 and the bank balance was \$297,127. All of the bank balance was covered by FDIC insurance.

#### 2. Property Tax Apportionments

Property taxes are apportioned annually in November to local taxing units within the County for financing state charges and the subsequent year's operations of the County. Since the November apportionment is not due from local taxing districts until February of the subsequent year, the County's apportionment is recorded as deferred inflow of resources at year-end. Property tax payments from individual property owners are due in two installments by January 31 and July 31. During the month of February, each local taxing district settles with the County for both collected and unpaid property taxes. At the February settlement, the County becomes responsible for the collection of unpaid property taxes, including unpaid property taxes returned by local taxing districts for financing their individual operations. Property taxes subsequently not paid by property owners by September 1 of the same year are considered delinquent. The delinquent taxes are then acquired by the County's general fund in accordance with state statutes in order to provide the County with a statutory lien.

Property taxes recorded on December 31, 2012 for collection in 2013 are for the following:

State apportionment	\$ 1,150,915
County apportionment	39,407,329
	<u>\$40,558,244</u>

The above County apportionment of \$39,407,329 is for financing 2013 operations and will be transferred in 2013 from deferred inflows of resources to current revenues of the County's governmental and proprietary funds.

#### 3. Delinquent Property Taxes - General Fund

Delinquent property taxes of the general fund represent unpaid property taxes on real estate, including state and local government equities therein. Under state statutes, the County annually reimburses the state and local governments for their equities in property taxes not collected from the property owner. Unless redeemed by the property owner, the County will eventually obtain tax deed ownership of the properties comprising delinquent taxes. In the past, the County has generally been able to recover its investment in delinquent taxes by sale of the tax deeded properties.

On December 31, 2012, the County's general fund showed an investment of \$2,838,467 in delinquent taxes as follows:

Tax certificates	\$2,812,821
Tax deeds	25,646
Total	<u>\$2,838,467</u>

# FOND DU LAC COUNTY, WISCONSIN

## Notes to Basic Financial Statements

December 31, 2012

An aging of the total delinquent taxes of \$2,838,467 on December 31, 2012 follows:

<u>Year Acquired</u>	<u>Total</u>	<u>Tax Certificates</u>	<u>Tax Deeds</u>
Prior to 2007	\$ 62	\$ 36	\$ 26
2007	8	8	-
2008	1,271	1,271	-
2009	8,578	8,578	-
2010	245,889	234,744	11,145
2011	813,588	811,134	2,454
2012	1,769,071	1,757,050	12,021
Total	<u>\$2,838,467</u>	<u>\$2,812,821</u>	<u>\$ 25,646</u>

Of the total of \$2,838,467 for delinquent taxes, \$513,554 was collected by the County within 60 days after December 31, 2012. Of the remaining unpaid balance, \$1,743,685 is recorded as non-spendable general fund balance and \$581,228 is recorded as a deferred inflow of resources on the general fund balance sheet.

4. Restricted Assets

Restricted assets on December 31, 2012 totaled \$261,415 and consisted of cash and investments held for the Highway Business-Type Activity Fund for the purpose of a replacement highway garage in the Campbellsport area.

5. Accounts Receivable

Accounts receivable as of year end for the County's individual major governmental funds and aggregate nonmajor governmental, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Dept of Community Programs</u>	<u>Dept of Social Services</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Accounts Receivable:					
Accounts	\$ 843,124	\$ 2,268,353	\$ 238,207	\$ 1,675	\$ 3,351,359
Accrued interest	53,847	-	-	459	54,306
Due from other governments	1,999,666	408,890	1,704,880	-	4,113,436
Gross accounts receivable	2,896,637	2,677,243	1,943,087	2,134	7,519,101
Less: allowance for uncollectibles	-	2,086,708	-	-	2,086,708
Net total accounts receivable	<u>\$ 2,896,637</u>	<u>\$ 590,535</u>	<u>\$ 1,943,087</u>	<u>\$ 2,134</u>	<u>\$ 5,432,393</u>

There is no allowance for uncollectibles in any proprietary fund type receivable.

6. Loans Receivable

Loans receivable as of year end for the County's general fund is as follows:

	<u>General</u>
Loans Receivable:	
Mercury Marine loan	\$ 47,699,444
CDBG loans	366,469
County revolving loan	1,255,213
Gross loans receivable	49,321,126
Less: allowance for forgiveness	19,233,000
Net total loans receivable	<u>\$ 30,088,126</u>

The Fond du Lac County Economic Development Corporation is acting as the County's fiscal agent for all loans receivable noted.

# FOND DU LAC COUNTY, WISCONSIN

## Notes to Basic Financial Statements

December 31, 2012

In 2009, the County approved borrowing up to \$50,000,000 to provide economic support to Mercury Marine. The County Board determined it to be in the best interest of the County to provide financial assistance to Mercury Marine to limit job loss and to minimize reductions in property values and increased unemployment. The borrowings and financial assistance were completed in 2009 and 2010.

The Mercury Marine loan accrues interest at a rate of two percent. Interest and principal payments commence in 2012, with the outstanding balance of principal and all accrued but unpaid interest due in full in 2021. Each year commencing in 2012, a portion of the principal balance will be forgiven based on the number of employees retained and added. The formula for calculating the amount forgiven annually is pursuant to a financing agreement among Fond du Lac County, the Economic Development Corporation, the City of Fond du Lac and Mercury Marine.

The CDBG loans are to a number of companies as part of a Community Development Block Grant revolving loan fund, funded by the Wisconsin Department of Commerce. The County Revolving loan is a loan fund, funded by Fond du Lac County. The loans are at low interest rates and for various terms.

### 7. Capital Assets

Capital asset activity of the County for the year ended December 31, 2012 was as follows:

#### PRIMARY GOVERNMENT

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,278,955	\$ 2,848,322	\$ -	\$ 6,127,277
Work in progress	1,483,040	1,311,973	-	2,795,013
Subtotals	4,761,995	4,160,295	-	8,922,290
Capital assets, being depreciated:				
Land improvements	7,323,554	3,930	-	7,327,484
Buildings/building improvements	55,593,773	204,804	215,246	55,583,331
Machinery and equipment	18,214,079	689,530	578,554	18,325,055
Infrastructure	63,541,658	32,418,098	3,642,209	92,317,547
Subtotals	144,673,064	33,316,362	4,436,009	173,553,417
Less accumulated depreciation for:				
Land improvements	3,693,219	274,307	5,792	3,961,734
Buildings/building improvements	22,269,457	2,325,531	111,186	24,483,802
Machinery and equipment	14,906,363	1,256,036	598,428	15,563,971
Infrastructure	30,976,211	2,758,310	1,042,685	32,691,836
Subtotals	71,845,250	6,614,184	1,758,091	76,701,343
Total capital assets, being depreciated, net	72,827,814	26,702,178	2,677,918	96,852,074
Governmental activities capital assets, net	\$ 77,589,809	\$ 30,862,473	\$ 2,677,918	105,774,364
Less related long-term debt outstanding				20,720,000
Net investment in capital assets				\$ 85,054,364



**FOND DU LAC COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2012

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,464,300	\$ -	\$ -	\$ 1,464,300
Work in progress	5,860	13,461	5,860	13,461
Subtotals	1,470,160	13,461	5,860	1,477,761
Capital assets, being depreciated:				
Land improvements	14,375,629	115,073	-	14,490,702
Buildings/building improvements	11,800,637	1,225,893	-	13,026,530
Machinery and equipment	15,051,452	619,165	456,745	15,213,872
Subtotals	41,227,718	1,960,131	456,745	42,731,104
Less accumulated depreciation for:				
Land improvements	8,327,126	537,107	9,113	8,855,120
Buildings/building improvements	7,811,168	284,290	59,537	8,035,921
Machinery and equipment	9,167,634	949,784	402,884	9,714,534
Subtotals	25,305,928	1,771,181	471,534	26,605,575
Total capital assets, being depreciated, net	15,921,790	188,950	( 14,789)	16,125,529
Business-type activities capital assets, net	\$ 17,391,950	\$ 202,411	\$ ( 8,929)	17,603,290
Less related long-term debt outstanding				80,679
Net investment in capital assets				<u>\$ 17,522,611</u>
Depreciation expense was charged to functions of the County as follows:				
PRIMARY GOVERNMENT				
Governmental activities				
General government				\$ 699,936
Public safety				1,826,652
Public works				2,758,309
Health and human services				289,282
Culture, recreation and education				902,805
Conservation and development				137,200
Total depreciation expense - governmental activities				<u>\$6,614,184</u>
Business-type activities				
Highway				\$ 913,230
Harbor Haven Health & Rehabilitation				208,348
Airport				508,470
Rolling Meadows Golf Course				122,904
Landfill				18,229
Total depreciation expense - business-type activities				<u>\$1,771,181</u>

# FOND DU LAC COUNTY, WISCONSIN

## Notes to Basic Financial Statements

December 31, 2012

Capital asset activity of the Housing Authority for the year ended June 30, 2012 was as follows:

### DISCRETELY PRESENTED COMPONENT UNIT

	Beginning Balance	Increases	Decreases	Ending Balance
Fond du Lac County Housing Authority:				
Capital assets, not being depreciated:				
Land	\$ 17,387	\$ -	\$ -	\$ 17,387
Work in progress	4,813	2,936	4,813	2,936
Subtotals	22,200	2,936	4,813	20,323
Capital assets, being depreciated:				
Leasehold improvements	86,030	-	86,030	-
Buildings/building improvements	2,523,124	209,429	-	2,732,553
Machinery, equipment, furnishings	89,626	9,892	3,410	96,108
Subtotals	2,698,780	219,321	89,440	2,828,661
Less accumulated depreciation	1,617,642	119,193	2,544	1,734,291
Total capital assets being depreciated, net	1,081,138	100,128	86,896	1,094,370
Total capital assets, net	\$1,103,338	\$ 103,064	\$ 91,709	\$ 1,114,693

Depreciation expense was charged to functions of the Housing Authority as follows:

### DISCRETELY PRESENTED COMPONENT UNIT

Low Rent Public Housing	\$ 111,344
Capital Fund Program	5,657
Voucher Program	2,192
Total depreciation expense- Housing Authority	\$ 119,193

## 8. Interfund Receivable, Payables, and Transfers

The composition of interfund balances as of December 31, 2012 is as follows:

Due to/from other funds:		Amount	Amount Not Due Within One Year
Receivable Fund	Payable Fund		

### Temporary Cash Advances to Finance Operating Cash Deficits:

General	Rolling Meadows Golf Course	\$1,389,735	\$1,300,000
General	Airport	24,251	-
General	Landfill	45,456	-
Total		\$1,456,442	\$1,300,000

**FOND DU LAC COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2012

Interfund transfers for the year ended December 31, 2012 were as follows:

	Transfer to Fund	Transfer from Fund
Transfers between Funds		
General Fund	\$ 2,598,823	\$ 495,590
Special Revenue Funds		
County Road & Bridge	21,442	-
Dept. of Community Programs	-	940,733
Dept. of Social Services	-	1,480,601
Nutrition Senior Services	70,274	-
Capital Projects Fund – Interoperability	-	15,187
Debt Service Funds		
State Trust Fund Loan (2009)	-	1
G.O. Taxable Refunding Bonds (2002)	-	24,438
G.O. Promissory Notes (2008)	-	1
Internal Service Funds		
Health Self Insurance Fund	-	136,369
Central Maintenance	10,000	-
Enterprise Funds		
Highway	107,654	21,442
Harbor Haven Nursing/Rehab	332,099	-
Airport	-	25,930
Totals	<u>\$ 3,140,292</u>	<u>\$ 3,140,292</u>

Transfers are used to: (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

9. Long-term Obligations

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2012:

	Outstanding 1/1/12	Issued	Retired	Outstanding 12/31/12	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES:</b>					
General Obligation Debt					
Bonds	\$ 44,560,000	\$ 8,125,000	\$ 10,375,000	\$ 42,310,000	\$ 2,735,000
Notes	65,030,000	-	33,375,000	31,655,000	6,260,000
Total General Obligation Debt	109,590,000	8,125,000	43,750,000	73,965,000	8,995,000
Debt premium	177,355	815,873	27,770	965,458	182,107
State trust fund loan	176,319	-	176,319	-	-
Compensated absences	1,333,001	56,757	95,821	1,293,937	553,491
Unfunded other post employment benefits	1,497,635	167,497	-	1,665,132	-
Governmental activities					
Long-term liabilities	<u>\$112,774,310</u>	<u>\$ 9,165,127</u>	<u>\$ 44,049,910</u>	<u>\$ 77,889,527</u>	<u>\$ 9,730,598</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>					
Alliant Energy Advance	\$ 69,577	\$ -	\$ 23,193	\$ 46,384	\$ 23,192
Capital Lease	44,808	-	10,514	34,294	12,414
Compensated absences	405,421	28,879	26,039	408,261	200,531
Unfunded other post employment benefits	510,777	53,389	-	564,166	-
Business-type activities					
Long-term liabilities	<u>\$ 1,030,583</u>	<u>\$ 82,268</u>	<u>\$ 59,746</u>	<u>\$ 1,053,105</u>	<u>\$ 236,137</u>

# FOND DU LAC COUNTY, WISCONSIN

## Notes to Basic Financial Statements

December 31, 2012

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$37,957 of internal service funds compensated absences and unfunded other post employment benefits are included in the above amounts.

The Housing Authority, a discretely presented component unit, has no long term debt at June 30, 2012.

### General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

<b>Bonds</b>		
\$9,800,000 issued 3/1/05; \$410,000 to \$530,000 due annually through 2014; interest 3.50%	\$	940,000
\$33,270,000 issued 12/22/11; \$2,325,000 to \$5,375,000 due annually through 2022; interest 2.00% to 3.50%		33,245,000
\$8,125,000 issued 7/10/12; \$0 to \$1,325,000 due annually through 2022; interest 1.50% to 2.375%		8,125,000
<b>Total General Obligation Bonds</b>		<u>42,310,000</u>
<b>Notes</b>		
\$3,415,000 issued 4/3/06; \$460,000 due in 2013; interest 4.00%		460,000
\$4,500,000 issued 4/2/07; \$720,000 to \$750,000 due annually through 2014; interest 4.00%		1,470,000
\$9,080,000 issued 4/15/08; \$1,205,000 to \$1,695,000 due annually through 2014; interest 3.50%		2,890,000
\$6,885,000 issued 4/6/09; \$895,000 to \$1,915,000 due annually through 2016; interest 3.00% to 4.00%		5,435,000
\$20,000,000 issued 9/1/10; \$2,500,000 due annually through 2020; interest 2.00% to 4.10%		20,000,000
\$1,400,000 issued 11/15/10; \$0 to \$1,000,000 due annually through 2015; interest 2.00%		1,400,000
<b>Total General Obligation Notes</b>		<u>31,655,000</u>
<b>Total Outstanding General Obligation Debt</b>		<u>\$ 73,965,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$73,965,000 on December 31, 2012 are detailed below:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2013	\$ 8,995,000	\$ 2,063,288
2014	9,820,000	1,784,481
2015	8,690,000	1,535,556
2016	7,890,000	1,302,894
2017	6,145,000	1,104,469
2018-2022	32,425,000	2,650,203
	<u>\$73,965,000</u>	<u>\$10,440,891</u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

# FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements  
December 31, 2012

## Legal Margin for New Debt

The County's legal margin for creation of additional general obligation debt on December 31, 2012 was \$270,010,668 as follows:

Equalized valuation of the County	\$6,790,536,100
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	339,526,805
Total outstanding general obligation debt applicable to debt Limitation	\$73,965,000
Less: Amounts available for financing general obligation debt Debt service fund	4,448,863
Net outstanding general obligation debt applicable to debt Limitation	69,516,137
Legal Margin for New Debt	<u>\$ 270,010,668</u>

## Capital Leases

The County is obligated for capital leases that were used to finance the acquisition of capital assets. Presented below is a schedule of future minimum lease payments at December 31, 2012:

Year Ending	Amount
2013	\$ 12,414
2014	12,414
2015	12,414
	37,242
Less: Amount representing interest	2,948
Present value of future minimum lease payments	<u>\$ 34,294</u>

## Advance Refunding

During 2012, the County advance refunded a general obligation bond issue from 2005. The County issued \$8,125,000 of general obligation refunding bonds to provide resources to purchase U.S. Government and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$859,172 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$662,334.

At December 31, 2012, \$7,700,000 of outstanding general obligation bonds are consider defeased.

## Current Refunding

The County issued General Obligation Refunding Bonds in the amount of \$33,270,000 on December 22, 2011. The proceeds are to be used to refund the following general obligation debt:

Original Issue Date	Original Balance	Balance at 12/31/2011	Repayment Date
11/17/2009	\$ 20,000,000	\$ 20,000,000	03/01/2012
03/01/2010	\$ 10,000,000	\$ 10,000,000	03/01/2012
12/04/2002	\$ 6,070,000	\$ 2,235,000	03/01/2012
04/15/2008	\$ 1,500,000	\$ -	12/22/2011

The refunding was undertaken to put in place a permanent long term financing tailored to the repayment schedule from Mercury Marine and to take advantage of historically low interest rates. As a result of the refinancing, future debt service payments have been extended through 2022 to coincide with the payment schedule for Mercury Marine.

**FOND DU LAC COUNTY, WISCONSIN**

## Notes to Basic Financial Statements

December 31, 2012

10. Fund Equity/Net PositionGovernment-wide Statements

Net position of the governmental activities reported on the government-wide statement of net position at December 31, 2012 includes the following:

Net investment in capital assets	
Work in progress	\$ 2,795,013
Land/land improvements	9,493,027
Buildings/building improvements	31,099,529
Machinery and equipment	2,761,084
Infrastructure	59,625,711
Less: related long-term debt outstanding	(20,720,000)
Total Net Investment in Capital Assets	<u>85,054,364</u>
Restricted	
General fund	343,087
Debt service fund	4,448,863
Sheriff canine fund	50,000
Unrestricted	<u>(10,318,186)</u>
Total Governmental Activities Net Position	<u>\$ 79,578,128</u>

Net position of the business-type activities reported on the government-wide statement of net position at December 31, 2012 includes the following:

Net investment in capital assets	
Work in progress	\$ 13,461
Land/land improvements	7,099,882
Buildings/building improvements	4,990,609
Machinery and equipment	5,499,338
Less: related long-term debt outstanding	( 80,679)
Total Net Investment in Capital Assets	<u>17,522,611</u>
Restricted – cash	261,415
Unrestricted	<u>207,098</u>
Total Business-Type Activities Net Position	<u>\$ 17,991,124</u>

**FOND DU LAC COUNTY, WISCONSIN**

## Notes to Basic Financial Statements

December 31, 2012

11. Fund Statements

Governmental fund balances reported on the fund financial statements at December 31, 2012 include the following:

## General Fund

## Non-spendable:

Inventories and prepaid items	\$ 427,218
Delinquent property taxes	1,743,685
Long term advance – golf course	1,300,000

## Restricted:

Land Records	79,648
WIC	41,832
Register of Deeds	152,679
Jail Assessment	68,928

## Assigned:

Carryover revenue – various	3,401,948
General fund applied in subsequent year's budget	1,800,000

## Unassigned

6,077,133

## Total General Fund

15,093,071

## County Road &amp; Bridge

## Assigned:

Carryover revenue	<u>1,722,780</u>
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## Dept of Community Programs

## Non-spendable:

Inventories and prepaid items	143,843
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## Unassigned (deficit)

(105,268)

## Total Dept of Community Programs

38,575

## Dept of Social Services

## Non-spendable:

Inventories and prepaid items	141,397
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## Assigned

98,600

## Total Dept of Social Services

239,997

## Debt Service

## Restricted-debt retirement

4,448,863

## Other Nonmajor Governmental Funds

## Non-spendable:

Inventories and prepaid items	2,166
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## Restricted:

Sheriff Canine Fund	50,000
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## Assigned:

Carryover revenue - various	14,460
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## Unassigned

(2,166)

## Total Other Nonmajor Governmental Funds

64,460

## Total

\$21,607,746

## FOND DU LAC COUNTY, WISCONSIN

### Notes to Basic Financial Statements

December 31, 2012

#### NOTE D - OTHER INFORMATION

##### 1. Retirement Commitments

All eligible County employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 hours for teachers and educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. Note: Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, including Teachers, and Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2012 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	5.90%	5.90%
Executives & Elected Officials	7.05%	7.05%
Protective with Social Security	5.90%	9.00%
Protective without Social Security	5.90%	11.30%

The payroll for Fond du Lac County employees covered by the WRS for the year ended December 31, 2012 was \$36,784,838; the employer's total payroll was \$38,560,538. The total required contribution for the year ended December 31, 2012 was \$4,554,331, which consisted of \$2,379,662, or 6.5% of covered payroll from the employer and \$2,174,668, or 5.9% of covered payroll from employees. \$195,978 of the required contribution for employees for the year ended December 31, 2012 was financed by the County. Total contributions for the years ending December 31, 2011 and 2010 were \$4,626,621 and \$4,260,014, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest year's earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 or after April 24, 1998 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes.



# FOND DU LAC COUNTY, WISCONSIN

## Notes to Basic Financial Statements

December 31, 2012

The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

The Housing Authority, a discretely presented component unit, does not provide a retirement plan for its employees.

### 2. Other Post Employment Benefits

*Plan Description* – The County provides health care insurance coverage for employees who retire at blended rates. This results in an other post-employment benefit for the retirees, commonly referred to as an implicit rate subsidy. The retired employee contributes 100% of the premium. As of January 1, 2012, the most recent actuary valuation date, there were 647 active and 29 retired employees in the plan.

*Annual OPEB Cost and Net OPEB Obligation* – The County's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), and the amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

Component	Amount
Annual required contribution	\$ 331,911
Interest on net OPEB	100,421
Adjustment to annual required contribution	( 130,650)
Annual OPEB cost (expense)	301,682
Less: Contributions made	( 80,796)
Change in net OPEB obligation	220,886
OPEB obligation – beginning of year	2,008,412
OPEB obligation – end of year	<u>\$ 2,229,298</u>

The annual required contribution for the current year was determined as part of the January 1, 2012 actuarial valuation using the unit credit actuarial cost method. The actuarial assumptions included a 5.0% discount rate.

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized using an open level dollar amount.

*Trend Information* – The County's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/08	\$ 829,699	24.23%	\$ 628,699
12/31/09	\$ 866,371	25.79%	\$1,269,070
12/31/10	\$ 518,106	21.85%	\$1,619,740
12/31/11	\$ 512,636	23.08%	\$2,008,412
12/31/12	\$ 301,682	26.78%	\$2,229,298

## FOND DU LAC COUNTY, WISCONSIN

### Notes to Basic Financial Statements

December 31, 2012

*Funding Status and Funding Progress* – As of January 1, 2012, the most recent actuarial valuation date, the County's unfunded actuarial accrued liability (UAAL) was \$2,781,329. The annual payroll for active employees covered by the plan for the 2012 fiscal year was \$36,784,838 for a ratio of the UAAL to covered payroll of 7.56%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future.

*Actuarial Methods and Assumptions* – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2012 actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a rate of 5.0% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 10.0% for medical, reduced by decrements to an ultimate rate of 5.0% after five years. The UAAL is being amortized using an open level dollar method. The remaining amortization period at December 31, 2012 was 30 years.

#### 3. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The County completes an annual review of its insurance coverage to ensure adequate coverage.

#### 4. Contingencies

- a. The County participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and the "State Single Audit Guidelines" issued by the Wisconsin Department of Administration has been conducted, but final acceptance is still pending. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.
- b. Medicare and Medicaid cost reports of the Harbor Haven Health and Rehabilitation Enterprise Fund and the Home Health Program in the General Fund have been submitted to the appropriate authorities. These reports are subject to audit by representatives of these programs, which may result in increases or decreases in funding.
- c. From time to time, the County is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.

## FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements  
December 31, 2012

### 5. Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all of Wisconsin cities, villages, towns and counties. For the 2012 and 2013 budget year, the increase in the maximum allowable tax levy is limited to the percentage change in the County's January 1<sup>st</sup> equalized value as a result of net new construction. The actual limit for the County for the 2012 budget was 0.953%. The actual limit for the County for the 2013 budget was 0.673%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

### 6. Conduit Debt Obligations

From time to time, the County has issued Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, the ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2012, there are three series of Revenue Bonds outstanding:

- The first, a \$1,000,000 Revenue Bond, Series 1998, was approved by the Fond du Lac County Housing Authority and the Fond du Lac County Board to finance the renovation and rehabilitation of existing facilities of the Fond du Lac Lutheran Home, Inc.
- The second, a reissuance of \$1,185,000 Health Care Facilities Revenue Bonds, Series 2000, closed in December, 2003, was approved by the Fond du Lac County Board to finance the acquisition and capital improvements of facilities of the ARC of Fond du Lac, a Wisconsin nonprofit corporation. These bonds are a limited obligation of the County payable solely from revenues received by the County pursuant to a note and sale agreement with the ARC of Fond du Lac.
- The third, a \$2,300,000 Industrial Development Revenue Bond, Series 2012, was approved by the Fond du Lac County Board in December, 2012 to finance the construction of a dairy goat milk production facility (LaClare Farms Project).

### 7. Conduit Debt Obligation with County Guaranty

Also outstanding as of December 31, 2012, is a \$5,835,000 Midwestern Disaster Area Fixed Rate Revenue Bonds, Series 2012 (Bug Tussel Wireless, LLC Project), with a County Guaranty. The Bonds were approved by the Fond du Lac County Board in December, 2012 to provide a loan to Bug Tussel Wireless, LLC to construct and install telecommunications infrastructure to facilitate voice and broadband internet service in Adams County and Fond du Lac County. Debt service on the bonds is secured by Bug Tussel's pledge to make payments to the Trustee. In addition, the participating counties have pledged their general obligation unlimited taxing authority, through a guaranty agreement, to remedy their pro rata share (54.76% for Fond du Lac County) of any deficiency in the bonds' Debt Service Reserve Fund, should it fall below the established required level. The full amount of the bond proceeds, \$5,835,000, is being held in the trust account by the Trustee, U.S. Bank National Association, as of December 31, 2012.

### 8. Cumulative Effect of Change in Accounting Principle

The County has adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which requires debt issuance costs to be expensed in the period incurred, rather than recorded as assets and amortized over the life of the related debt issue. Financial statements for the year ended December 31, 2011 have not been restated. The cumulative effect of this change was to decrease the December 31, 2012 net position of the governmental activities by \$815,873.

**FOND DU LAC COUNTY, WISCONSIN**

Notes to Basic Financial Statements

December 31, 2012

9. Prior Period Adjustment

The County has determined that the allowance for forgiveness on outstanding loans receivable had not been recognized. The allowance for forgiveness was estimated to be \$20,958,500 as of December 31, 2011. As a result, loans receivable and net position decreased by \$20,958,500 on the government wide financial statements as of December 31, 2011.

10. Subsequent Event

On February 12, 2013 the County Board authorized the issuance of \$5,000,000 of General Obligation Promissory Notes, dated March 1, 2013. The Notes are being issued for the public purpose of paying the cost of various projects listed in the first three years of the County's 2013 Five-Year Capital Improvement Plan including remodeling of various buildings, and highway engineering/paving/reconstruction projects.